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CENTRAL INTELLIGENCE AGENCY

20 July 1954

MEMORANDUM FOR: Mr. Allan Evans (OIR)
Colonel W. H. Hennig, USA (G-2)
Captain B. E. Wiggin, USN (ONI)
Colonel William S. Boyd, USAF (AF0IN-2B2)
Captain Ray Malpass, USN (JIG)

SUBJECT : NIE 24-54: Probable Developments in Italy

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on 19 July.
2. While OIR has primary responsibility for contributions, the Defense Agencies are invited to contribute not only to the military sections, but also to the entire paper.
3. It is requested that contributions be received in this Office by the close of business on 13 September.

Paul A. Borel

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Deputy Assistant Director
National Estimates

Distribution "B"

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CENTRAL INTELLIGENCE AGENCY

20 July 1954

**SUBJECT: TERMS OF REFERENCE: NIE 24-54: PROBABLE DEVELOPMENTS
IN ITALY**

THE PROBLEM:

To estimate the current situation and probable developments in Italy.

SCOPE

NIE 24-54 will be a new and comprehensive estimate which will supersede NIE-71, "Probable Outlook for Italy" (31 March 1953) and SE-54, "The Political Outlook in Italy" (30 December 1953).

QUESTIONS BEARING ON THE PROBLEM

1. Each agency is requested initially to review, paragraph by paragraph, both of the above national estimates. These reviews should provide evaluations of the accuracy of the various estimates

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made. In those instances where an agency believes that the estimates should be revised or where additional estimates should be made, it should indicate in what ways the estimates should be revised and the reasons for the revisions: new trends or other facts, new interpretations of both old and recent developments, etc. In other words, each contribution should include a critique of the published estimates, the up-to-date revision of factual data, and an assessment of current and probable future developments.

2. Consequently, the following questions are not designed to invite a recapitulation of the basic background data. They are supplementary to the critiques of the published papers and are directed primarily at those areas of these papers in which we now believe significant alterations may be most necessary.

I. CURRENT SITUATION

A. The Present Political Situation

1. What were the chief factors responsible for changes in the relative popular and parliamentary strength of the various political parties as reflected in the 1953 elections? For changes since the 1953 elections?

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2. What have been the principal political developments since the 1953 elections?
 3. What are the relative popular and parliamentary strengths of the various political parties? What factions exist within each party, and what is their relative strength?
 4. What were the dominant factors contributing to the fall of each of the governments overthrown since the 1953 elections?
 5. What are the nature and extent of the anti-Communist measures now being undertaken by the Italian Government? How effective have they been?
- B. What modification in existing estimates are necessary due to economic and social developments, with particular reference to gross national product, productivity, unemployment, real income, overpopulation, development of natural resources, labor, foreign trade, and the economic policies of the Italian Government?
- C. What are the effectiveness and loyalty of the police forces?

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D. Italy's Military Situation

1. What are the loyalty, strength, equipment, training, morale, and combat readiness of the Italian Armed Forces?
2. What weaknesses exist within the Armed Forces. What is the extent of Communist penetration?

II. PROBABLE FUTURE TRENDS

A. Probable Trends in Party and Pressure Group Strength and Alignment

1. What effect upon these trends will economic and other internal developments have?
2. How will political trends be affected by developments with respect to Trieste, the Balkan Alliance, EDC, Indochina, and by economic conditions in the US?
3. What are the probable future trends in the strength and cohesion of the various political parties?
4. What are the probable future trends in the strength of the Communist bloc (i.e., Communists [PCI] and

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Manni Socialists [PSI])? What is the likelihood of a split between the PCI and PSI? Of an alliance between the PSI and Democratic Socialists, Christian Democrats or other center parties? What are the principal factors which will influence the future strength of the Communist bloc?

5. What are the probable future trends in the size, composition, and political leanings of the Italian labor unions?
6. What is the influence of the Vatican on domestic political developments likely to be?

B. Probable Composition of Future Italian Governments

1. How long is the Scelba government likely to remain in power?
2. How will the Scelba government's position be affected by various internal and external developments?
3. Assuming the fall of the Scelba government, what would be the probable political composition of a successor government or governments?

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4. What is the probability of new elections within the next eighteen months? What effect would new elections within the next year have on the complexion of the Italian Government?
 5. What is the likelihood that the Communists, either alone or in conjunction with the Nenni Socialists, will be voted into power by new elections? Of the Communist-Nenni Socialist bloc's attempting to seize power by force?
 6. What is the likelihood that the forces of the extreme right will seek to take over the government?
- C. Probable Trends in the Loyalty and Effectiveness of the Police Forces
- D. Probable Developments in the Italian Military Situation
1. What are the probable future trends in the loyalty, strength, equipment, training, morale, and combat readiness of the armed forces?

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2. What is the likelihood that Italy will be willing to and capable of fulfilling NATO requirements?

E. Probable Trends in Italian Domestic Policies

1. What are the probable policies vis-a-vis Communism in Italy? Will such measures substantially reduce Communist effectiveness?
2. What are the probable future economic trends? Probable policies regarding social and economic reforms? Effects of such reform measures?
3. What action would the Seelba government or successor governments be willing and able to take in conjunction with the armed forces and police forces, should there be an imminent threat of a Communist takeover of the government by force? Would they be capable of preventing such a Communist takeover?

F. Probable Italian foreign policies, with particular emphasis on Trieste, Yugoslavia, and the Balkan Alliance, EDC, West German rearmament, European integration, NATO commitments, US-Italian relations generally, East-West trade, and admission of Communist China to the UN.

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